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SIPDIS

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AMEMBASSY BRIDGETOWN PASS TO AMEMBASSY GRENADA  
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SUBJECT: Making Socialism Easier to Swallow

CLASSIFIED BY: Robin D. Meyer, Political Counselor, DOS, POL; REASON:  
1.4(B), (D)

¶1. (C) Summary: President Chavez made socialism taste better with the December 22 opening of a "socialist arepera" serving Venezuelan-style tortillas at a fraction of their usual price. The "Arepera Socialista" is planned to be the first of a chain of Venezuelan government (GBRV) restaurants run by the Ministry of Commerce. This restaurant is the GBRV's latest effort at setting up alternatives to the private market, branding national symbols, like the "arepa," as part of the Bolivarian Revolution, and providing tangible benefits to its electoral base before the September legislative elections. End Summary.

#### Socialism's Tangible - and Tasty -- Benefits

¶2. (U) President Chavez opened the "Arepera Socialista" with much fanfare on December 22, advertising its low price and high quality as symbolic of the benefits of his socialist revolution. (Note: "Arepas" are a Venezuelan-style thick cornmeal tortilla usually used for a type of sandwich. End Note.) The restaurant, located in a lower middle class neighborhood of Caracas, serves "arepas" for about a fourth of their regular price. It is currently only open during weekday mornings, although there are plans to extend its hours, add coffee and fresh juice to its menu, and open two new locations in working class neighborhoods.

¶3. (SBU) On a January 8 visit, EmbOffs witnessed a long line of people waiting to get into the restaurant but surprisingly rapid service. Inside, one wall was dominated by a quote in large red lettering from Simon Bolivar: "The best system of government is that which produces the greatest happiness." An employee managing the line said the restaurant served 1,200 customers per day. One man in line said he worked in the neighborhood and came every day since the food was excellent and cheap.

#### Money is Secondary in Socialist Restaurants

14. (U) According to Minister of Commerce Eduardo Saman, people can count on low prices at the "arepera socialista" because the ingredients come from government-owned companies and other products, such as boxed juices, come from government-owned companies. Saman claimed the prices were sufficient to cover the store's operating costs. He also announced on December 23 that a chain of "Arepera Socialista" restaurants would be opened throughout Venezuela as part of the Socialist Market Cooperatives run by the Ministry of Commerce. Saman himself worked at the restaurant on December 24; other Ministry of Commerce employees were "volunteering" at the restaurant on the day of the Embosffs' visit. About 30 people work at the restaurant.

14. (U) Besides the price, Saman highlighted another key difference between socialist and capitalist "arepera": customers pay only after eating, while "in fast food chains . . . they only think about money." In the "Arepera Socialista," the cash register is in a corner of the room and customers pay only after eating, self-reporting how many of the "arepas" they ate.

Comment: Let Them Eat Arepas

15. (C) Facing high inflation, electricity and water rationing, and failing public services, Chavez may see the "arepera socialista" as a relatively quick and easy way to promote the

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benefits of "socialism" to his electoral base before the September legislative elections. The challenge will be meeting demand without raising the subsidized price or cutting quality.  
CAULFIELD